



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Grassley: Trade Promotion Authority Would Help Iowa

WASHINGTON – Trade negotiating authority for President Bush would benefit the thousands of Iowans whose goods and services deserve greater circulation via the world market, Sen. Chuck Grassley, chairman of the Committee on Finance, said today.

“While Iowans are highly competitive in today’s global marketplace, we can do even better,” Grassley said. “Too many of our goods and services still can’t compete due to prohibitive foreign tariffs and uneven foreign regulation. We must continue working together to tear down these barriers and give every Iowan the opportunity to compete openly and fairly throughout world.”

Grassley’s comments came in a letter to the Governor’s Conference on International Trade in West Des Moines. Grassley was invited to serve as the opening speaker, but had to decline due to Senate votes in Washington, D.C.

As Finance Committee chairman, Grassley oversees the committee with jurisdiction over trade legislation. He said he is working with his congressional colleagues on legislation that would grant President Bush trade negotiating authority, which would give the president more authority than he currently has to negotiate trade agreements. Grassley said the United States has fallen behind in participating in world trade agreements because the president lacks trade negotiating authority.

“It’s time for the United States to get back in the game,” Grassley said. “That’s why I’ll work hard to pass trade promotion authority this year. Congress must renew its partnership with the president to negotiate trade agreements on behalf of all Americans. Working together, we can ensure that the people of Iowa get the representation they need on the world stage.”

The text of Grassley’s letter follows.

May 22, 2001

Iowa Department of Economic Development
International Division
200 East Grand Avenue
Des Moines, Iowa 50309

Dear Conference Participants:

Thank you for the invitation to speak at this year's Governor's Conference on International Trade. I apologize that I am not able to attend in person, but important business keeps me in Washington. This conference is critically important to Iowa's exporters, and I deeply regret not being able to attend in person.

As a working family farmer and the chairman of the Senate Committee on Finance, I appreciate the importance of international trade to Iowa. Today, I would like to pass along my thoughts on the importance of trade, not just to United States, but also to Iowa.

U.S. exports support over 12 million American jobs. Over one-third of U.S. agriculture production was exported in 1998, at a value of over \$52 billion. The United States leads the world in trade in services with over \$264 billion in exports annually.

Iowa plays an important role in world trade, by exporting a wide range of products to an astounding 154 countries. As the largest hog-raising, soybean and feed corn producing state, Iowa ranks second in the nation for agricultural exports. These exports provide more than 86,000 jobs in Iowa.

The Iowa Department of Economic Development's International Division does an exceptional job of strengthening Iowa's presence in the international marketplace, and informing Iowans about the vital benefits trade brings to our state in general and more specifically to our farmers and their families.

But, while Iowans are highly competitive in today's global marketplace, we can do even better. Too many of our goods and services still can't compete due to prohibitive foreign tariffs and uneven foreign regulation. We must continue working together to tear down these barriers and give every Iowan the opportunity to compete openly and fairly throughout world.

That is why I am committed to working with my House and Senate colleagues to pass trade promotion authority for President Bush this year. This legislation is very important. The U.S. Constitution vests authority over tariffs with the U.S. Congress. The Constitution also grants the President the authority to speak for our nation in conducting foreign policy. Thus, the very nature of our Constitution mandates a partnership between the executive and legislative branches of government in matters of international trade negotiations.

That is what trade promotion authority is all about -- a partnership between the executive and legislative branches of government to enable U.S. farmers and workers to be effectively represented at the negotiating table. It is a critical tool of U.S. trade policy, a tool we have been without since its expiration in 1994.

Since that time, the United States has fallen further behind. While other nations are negotiating trade agreements we are sitting on the sidelines. The results are becoming clear. The United States is a party to only two of the over 130 estimated Free Trade Agreements in force today. As a result, the vast majority of Free Trade Agreements grant our trading partners preferences at our expense.

Let me just give you one example from an industry which is vital to the Iowa's economy. In March, John Hardin, past president of the National Pork Producers Council, testified in Washington, D.C., before the House Ways and Means Subcommittee on Trade that the "the rapidly expanding Brazilian pork industry -- a key competitor to the U.S. industry -- now has preferential

access into many markets to the detriment of U.S. producers. For example, the U.S. pork industry recently obtained access to the Argentine pork market. We are disadvantaged selling into Argentina because of the preferential access that Brazilian pork exports receive. ... Specifically, the U.S. faces a 34.5 percent duty on pork exported to Argentina while Brazil enjoys duty free access on its pork exported to Argentina. The U.S. pork industry currently is trying to obtain access to the Chilean pork market, another market in which Brazil has preferential access. Canada, which probably is our most significant competitor in pork, has gained preferential access into Chile through a free trade agreement. Mexico, which has some world class pork operations and counts Japan among its pork export markets, has negotiated close to 30 free trade agreements. If left unchecked, Mexico will dominate a number of Western Hemisphere pork import markets to the detriment of the U.S. pork industry.”

We cannot tolerate this unfair treatment. It is time for the United States to get back in the game. That is why I will be working hard to pass trade promotion authority this year. Congress must renew the partnership with the President to negotiate trade agreements on behalf of all Americans. Working together, we can ensure that the people of Iowa get the representation they need on the world stage.

The theme of today’s conference is an important one – “The Expansion of World Markets.” We compete well on the world market. And we can do even better. I will do my part to make sure that the world’s markets are open to all Iowans. And I know that you will do your part to seize those opportunities.

Thank you again.

Sincerely,

Charles E. Grassley
Chairman